

**Legend**

- ✓ [✓] indicates a plan design element that is consistent with preliminary Task Force recommendations
- Yellow shading represents a **less generous** plan design element relative to Design 3
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Lower Cost

Higher Cost

Relate cost benchmarks<sup>3</sup>  
(high level estimates for reference only; actual Program cost relativities will differ)

Plan design element					
Indicative Program cost (\$ SSSSS)	\$	\$\$\$	\$\$ (Estimated payor tax range: 0.40% to 0.60% <sup>2</sup> )	\$\$\$\$	\$\$\$\$\$

<sup>1</sup> Estimates are based on the 2020 Milliman CA LTSS Feasibility Study

Design philosophy					
Program benefit richness	\$36,000 in supportive LTC benefits	\$110,400 in targeted benefits	\$36,000 in comprehensive benefits (lower-range)	\$81,000 in comprehensive benefits (mid-range)	\$144,000 in comprehensive benefits (higher-range)
California population coverage	Adult population covered (18+) ✓	Older adult population covered (65+)	Adult population covered (18+) ✓	Adult population covered (18+) ✓	Adult population covered (18+) ✓
Taxation progressivity	Progressive tax with a contribution cap and a contribution waiver for lower-income individuals ✓	Progressive tax with a contribution cap	Progressive tax with a contribution cap and a contribution waiver for lower-income individuals ✓	Progressive tax with a contribution waiver for lower-income individuals ✓	Progressive tax with a contribution cap and a contribution waiver for lower-income individuals ✓

Structure (coverage and design)					
Program structure	Front-end coverage ✓ Vested social insurance ✓				

Program benefits and services					
Benefit type	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations)	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations) with reduced (50%) cash benefit alternative ✓	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations)	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations) with reduced (50%) cash benefit alternative ✓	Reimbursement for all covered benefits (actual benefit amount reimbursed, subject to limitations) with reduced (50%) cash benefit alternative ✓
Benefit period	2 years ✓	2 years ✓	1 year	18 months	2 years ✓
Benefit maximum	\$1,500 per month (Alternative scenario: \$1,000 per month)	\$4,500 per month ✓	\$3,000 per month ✓	\$4,500 per month ✓	\$6,000 per month ✓
Benefit inflation	Inflation as a function of CPI; assessed annually (not automatically applied)	Inflation as a function of CPI; assessed annually (not automatically applied) 90-day elimination period	Inflation as a function of CPI; assessed annually (not automatically applied)	Inflation as a function of CPI; assessed annually (not automatically applied)	Inflation as a function of CPI; applied annually ✓
Elimination period	No elimination period ✓ Supportive LTC (e.g., caregiver support, adult day care, meal delivery, transportation, durable medical equipment, home assessment, and minor home modifications)	[Alternative scenarios: 0-day and 30-day elimination periods]	No elimination period ✓	No elimination period ✓	No elimination period ✓
Approved care settings	Caregiver support includes: training, respite care, and financial support via certified provider reimbursement	Home and community-based care (including all approved care settings reflected in Design 1) along with residential care facility (Alternative scenario: Home and community-based care only)	Home and community-based care (including all approved care settings reflected in Design 1) along with residential care facility	Comprehensive (i.e., facility care and home and community-based care). Includes all approved care settings reflected in Design 2, along with skilled nursing facility ✓	Comprehensive (i.e., facility care and home and community-based care). Includes all approved care settings reflected in Design 2, along with skilled nursing facility ✓
PACE coverage	N/A	N/A	Covered service; certified provider reimbursement ✓	Covered service; certified provider reimbursement ✓	Covered service; certified provider reimbursement ✓
Informal / family caregivers	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) ✓	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) ✓	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) ✓	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) ✓	Covered service; reimbursement to caregivers (subject to completion of certified caregiver training; minimum requirements that do not discourage benefit utilization to be defined in a culturally competent manner) ✓
Preventative benefits	N/A	Limited/contingent preventative benefits (e.g., partake in wellness program)	Limited/contingent preventative benefits (e.g., partake in wellness program)	Preventative benefits before satisfying the benefit eligibility criteria but only after becoming fully vested in the Program ✓	Preventative benefits before satisfying the benefit eligibility criteria but only after becoming fully vested in the Program ✓
Family / spousal coverage	Individual coverage only	Individual coverage only	Individual coverage only	Coverage can be extended to a spouse or domestic partner through a shared benefit pool	Coverage can be extended to a spouse or domestic partner through a shared benefit pool

N/A	- Decrease benefit period from 2 years to 18 months: <b>22% savings</b>
	- Decrease benefit period from 2 years to 1 year: <b>45% savings</b>
	- Decrease monthly benefit maximum from \$6,000 to \$4,500: <b>27% savings</b>
	- Decrease monthly benefit maximum from \$6,000 to \$3,000: <b>50% savings</b>
	- Decrease monthly benefit maximum from \$6,000 to \$1,500: <b>75% savings</b>
N/A	
	- Increase elimination period from 0 days to 30 days: <b>4% savings</b>
	- Increase elimination period from 0 days to 90 days: <b>8% savings</b>
	- Change approved care settings from comprehensive to home care only: <b>39% savings</b>
N/A	
N/A	
N/A	
N/A	

Program eligibility and enrollment					
Benefit eligibility age	Age 18+ (subject to vesting requirements) ✓	Age 65+ (subject to vesting requirements)	Age 18+ (subject to vesting requirements) ✓	Age 18+ (subject to vesting requirements) ✓	Age 18+ (subject to vesting requirements) ✓
Benefit eligibility criteria	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) ✓	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) ✓	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) ✓	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) ✓	HIPAA benefit eligibility (2 of 6 ADLs for 90 days or severe cognitive impairment) ✓
Vesting criteria	5 years of contributions ✓	5 years of contributions ✓	10 years of contribution	10 years of contribution	5 years of contributions ✓ (Alternative scenario: 10 years of contribution)
Flexibility for those unable to vest	Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years)	Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years)	Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10% each year up to 100% of benefits in year 10)	Pro-rated benefits (no benefits for individuals who contribute for less than 5 years, 50% of the benefits for individuals who contribute for 5 years, grading up by 10% each year up to 100% of benefits in year 10)	Pro-rated benefits (no benefits for individuals who contribute for less than 3 years, 50% of the benefits for individuals who contribute between 3 and 5 years, 100% of the benefits for individuals who contribute for 5 or more years) and voluntary alternative Program contribution option to "top up" benefits ✓
Portability	Domestic portability; full benefits (Alternative scenario: international portability; full benefits)	Domestic portability; partial benefits outside of California (grade to 50% over 5 years) (Alternative scenario: international portability; partial benefits outside of the U.S. (grade to 50% over 5 years))	Domestic portability; partial benefits outside of California (grade to 50% over 5 years) (Alternative scenario: international portability; partial benefits outside of the U.S. (grade to 50% over 5 years))	Domestic portability; full benefits (Alternative scenario: international portability; full benefits)	International portability; full benefits ✓
Private insurance considerations: on or before Program enactment	N/A	Individuals with eligible private insurance <sup>3</sup> may opt out of the Program. They would be exempt from making Program contributions and will not be eligible to receive Program benefits ✓ Individuals with eligible substitute (i.e., non-supplemental) private insurance <sup>3</sup> would be subject to reduced Program contributions (and will remain eligible to receive Program benefits as a secondary payor to their private insurance) ✓	Individuals with eligible private insurance <sup>3</sup> may opt out of the Program. They would be exempt from making Program contributions and will not be eligible to receive Program benefits ✓ Individuals with eligible substitute (i.e., non-supplemental) private insurance <sup>3</sup> would be subject to reduced Program contributions (and will remain eligible to receive Program benefits as a secondary payor to their private insurance) ✓	Individuals with eligible private insurance <sup>3</sup> may opt out of the Program. They would be exempt from making Program contributions and will not be eligible to receive Program benefits ✓ Individuals with eligible substitute (i.e., non-supplemental) private insurance <sup>3</sup> would be subject to reduced Program contributions (and will remain eligible to receive Program benefits as a secondary payor to their private insurance) ✓	Individuals with eligible private insurance <sup>3</sup> may opt out of the Program. They would be exempt from making Program contributions and will not be eligible to receive Program benefits ✓ Individuals with eligible substitute (i.e., non-supplemental) private insurance <sup>3</sup> would be subject to reduced Program contributions (and will remain eligible to receive Program benefits as a secondary payor to their private insurance) ✓
Private insurance considerations: after Program enactment <sup>3</sup>	N/A	N/A	N/A	N/A	N/A
Program opt-out provision transition date <sup>4</sup>	N/A	[Alternative scenario: beginning of the year preceding the Program effective date]	[Alternative scenario: beginning of the year preceding the Program effective date]	[Alternative scenario: beginning of the year preceding the Program effective date]	[Alternative scenario: beginning of the year preceding the Program effective date]

	- Increase benefit eligibility age from 18+ to 65+: <b>12% savings</b>
N/A	
	- Increase vesting criteria from 5 years to 10 years: <b>13% savings</b>
	- Remove partial vesting (10 year vesting criteria): <b>14% savings</b>
	- Change from full domestic portability to partial domestic portability (grade to 50% over 5 years): <b>17% savings</b>
N/A	
N/A	
N/A	
N/A	

<sup>2</sup> The criteria for private insurance to be considered eligible under the opt-out provision are TBD (and will be determined at a later date)

<sup>3</sup> Supplemental insurance products covering LTSS that are designed after Program enactment would not qualify for reduced Program contributions (e.g., private insurance with a 2-year elimination period)

<sup>4</sup> Individuals who purchase eligible private insurance as of this date would be permitted to opt out of the Program while individuals who purchase eligible private insurance after this date would be eligible for reduced Program contributions. Separate timelines will be established for (i) when individuals would be required to demonstrate that they have eligible private insurance and (ii) when they would need to notify their employer (or, if self-employed, the associated California administrative body) of their decision to opt out of the Program.

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Lower Cost

Higher Cost

Plan design element						Relative benchmarks <sup>1</sup> (high level estimates for reference only; actual Program cost relativities will differ)
<b>Program financing</b>						
Revenue source	Progressive payroll tax (split between employees and employers); non-voluntary premium contributions via an income tax for the self-employed; alternative funding sources beyond payroll/income tax may also be considered [✓]	Progressive payroll tax (split between employees and employers); non-voluntary premium contributions via an income tax for the self-employed [✓]	Progressive payroll tax (split between employees and employers); non-voluntary premium contributions via an income tax for the self-employed [✓]	Progressive payroll tax (split between employees and employers); non-voluntary premium contributions via an income tax for the self-employed [✓]	Progressive payroll tax (split between employees and employers); non-voluntary premium contributions via an income tax for the self-employed [✓]	
Program contribution age: minimum	[Alternative scenario: reduce/eliminate employer portion of the program contributions; allow exemption for small businesses (i.e., those with fewer than a yet-to-be-determined number of employees)] Age 18 [✓]	[Alternative scenario: reduce/eliminate employer portion of the program contributions; allow exemption for small businesses (i.e., those with fewer than a yet-to-be-determined number of employees)] Age 18 [✓]	[Alternative scenario: reduce/eliminate employer portion of the program contributions; allow exemption for small businesses (i.e., those with fewer than a yet-to-be-determined number of employees)] Age 18 [✓]	[Alternative scenario: reduce/eliminate employer portion of the program contributions; allow exemption for small businesses (i.e., those with fewer than a yet-to-be-determined number of employees)] Age 18 [✓]	[Alternative scenario: reduce/eliminate employer portion of the program contributions; allow exemption for small businesses (i.e., those with fewer than a yet-to-be-determined number of employees)] Age 18 [✓]	N/A
Program contribution age: maximum	No maximum (contributions dependent on being on payroll or self-employed) [✓]	No maximum (contributions dependent on being on payroll or self-employed) [✓]	No maximum (contributions dependent on being on payroll or self-employed) [✓]	No maximum (contributions dependent on being on payroll or self-employed) [✓]	No maximum (contributions dependent on being on payroll or self-employed) [✓]	N/A
Program contribution limits: taxable earnings waiver	Waive contributions for individuals below a specified poverty level (e.g., 138% of FPL) [✓] Apply a contribution cap. Consider contribution caps in excess of Social Security (e.g., 2x Social Security cap) [✓]	Individuals below a specified poverty level will not contribute or receive vesting credits (the individual may still vest in the Program if they meet the vesting requirement over their working lifetime). Such individuals could receive LTSS benefits from Medi-Cal (subject to Medi-Cal eligibility requirements) Apply a contribution cap. Consider contribution caps in excess of Social Security (e.g., 2x Social Security cap) [✓]	Waive contributions for individuals below a specified poverty level (e.g., 138% of FPL) [✓] Apply a contribution cap. Consider contribution caps in excess of Social Security (e.g., 2x Social Security cap) [✓]	Waive contributions for individuals below a specified poverty level (e.g., 138% of FPL) [✓] No maximum contribution limitations	Waive contributions for individuals below a specified poverty level (e.g., 138% of FPL) [✓] Apply a contribution cap. Consider contribution caps in excess of Social Security (e.g., 2x Social Security cap) [✓]	- Do not waive Program contributions for individuals below 138% of FPL (but still receive benefits): <b>3% savings</b> - Do not waive Program contributions for individuals below 138% of FPL (but do not receive benefits): <b>22% savings</b>
Program contribution limits: taxable earnings maximum	[Alternative scenario: no maximum contribution limitation]	[Alternative scenario: no maximum contribution limitation]	[Alternative scenario: no maximum contribution limitation]	[Alternative scenario: no maximum contribution limitation]	[Alternative scenario: no maximum contribution limitation]	N/A
Contribution rate structure	Level tax rate (with guidelines stipulating the process to amend the tax rate); no variability by age or other characteristics besides income level [✓] Invest Program contributions in U.S. treasuries, bonds, stocks, and other equities (California constitutional amendment required)	Level tax rate (with guidelines stipulating the process to amend the tax rate); no variability by age or other characteristics besides income level [✓] Invest Program contributions in U.S. treasuries, bonds, stocks, and other equities (California constitutional amendment required)	Level tax rate (with guidelines stipulating the process to amend the tax rate); no variability by age or other characteristics besides income level [✓] Invest Program contributions in U.S. treasuries, bonds, stocks, and other equities (California constitutional amendment required)	Level tax rate (with guidelines stipulating the process to amend the tax rate); no variability by age or other characteristics besides income level [✓] Invest Program contributions in U.S. treasuries, bonds, stocks, and other equities (California constitutional amendment required)	Level tax rate (with guidelines stipulating the process to amend the tax rate); no variability by age or other characteristics besides income level [✓] Invest Program contributions in U.S. treasuries, bonds, stocks, and other equities (California constitutional amendment required)	N/A
Investment strategy	[Alternative scenario: consider the financial implications of not obtaining a constitutional amendment][✓]	[Alternative scenario: consider the financial implications of not obtaining a constitutional amendment][✓]	[Alternative scenario: consider the financial implications of not obtaining a constitutional amendment][✓]	[Alternative scenario: consider the financial implications of not obtaining a constitutional amendment][✓]	[Alternative scenario: consider the financial implications of not obtaining a constitutional amendment][✓]	- Restrict investment strategy to U.S. treasuries: <b>20% cost increase</b> <sup>5</sup>
Intergenerational consideration (i.e., upon Program inception, older individuals are likely to contribute less to the Program over their lifetime relative to younger individuals; this inequity wanes as the Program matures)	None	Grade-up benefits over first 20 years [✓]	Grade-up benefits over first 20 years [✓]	Grade-up benefits over first 20 years [✓]	Grade-up benefits over first 20 years [✓]	N/A
<small><sup>1</sup> Estimate is based on the 2020 Millman WA Cares LTSS Actuarial Study, so it does not reflect California demographics</small>						
<b>Coordination and interaction (with other LTSS financing sources)</b>						
Coordination: private LTC	Private LTC pays before Program; concurrent, non-duplicative payments permitted [✓]	Private LTC pays before Program; concurrent, non-duplicative payments permitted [✓]	Private LTC pays before Program; concurrent, non-duplicative payments permitted [✓]	Private LTC pays before Program; concurrent, non-duplicative payments permitted [✓]	Private LTC pays before Program; concurrent, non-duplicative payments permitted [✓]	N/A
Coordination: Medi-Cal	Program pays before Medi-Cal; concurrent, non-duplicative payments permitted. Program benefits should not influence Medi-Cal eligibility. The Program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the past, present, or future.	Program pays before Medi-Cal; concurrent, non-duplicative payments permitted. Program benefits should not influence Medi-Cal eligibility. The Program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the past, present, or future.	Program pays before Medi-Cal; concurrent, non-duplicative payments permitted. Program benefits should not influence Medi-Cal eligibility. The Program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the past, present, or future.	Program pays before Medi-Cal; concurrent, non-duplicative payments permitted. Program benefits should not influence Medi-Cal eligibility. The Program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the past, present, or future.	Program pays before Medi-Cal; concurrent, non-duplicative payments permitted. Program benefits should not influence Medi-Cal eligibility. The Program should not exclude contributions or benefits for individuals eligible for Medi-Cal in the past, present, or future.	
Coordination: Medicare	Pursue a CMS federal demonstration waiver to retain federal Medicaid savings from the program [✓] Assess the feasibility of having Program pay after Medicare.	Pursue a CMS federal demonstration waiver to retain federal Medicaid savings from the program [✓] Assess the feasibility of having Program pay after Medicare.	Pursue a CMS federal demonstration waiver to retain federal Medicaid savings from the program [✓] Assess the feasibility of having Program pay after Medicare.	Pursue a CMS federal demonstration waiver to retain federal Medicaid savings from the program [✓] Assess the feasibility of having Program pay after Medicare.	Pursue a CMS federal demonstration waiver to retain federal Medicaid savings from the program [✓] Assess the feasibility of having Program pay after Medicare.	N/A

Oliver Wyman was commissioned by the California Department of Insurance (CDI) to provide support associated with assessing the feasibility of developing and implementing a culturally competent statewide insurance program for long-term care services and supports. The primary audience for this report includes stakeholders from the California Department of Insurance, members of the Long-Term Care Insurance Task Force, and members of the general public within the state of California.

Oliver Wyman shall not have any liability to any third party in respect of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein.

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